

# Annual Report on Telecommunications Markets in Illinois

Illinois Commerce Commission

Submitted to the Illinois General Assembly  
Pursuant to Section 13-407 of the  
Illinois Public Utilities Act

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## **EXECUTIVE SUMMARY**

This report presents summary statistics on competition in basic local telephone services and the deployment of broadband and mobile wireless services in Illinois. These statistics are compiled from recent data reported to the Illinois Commerce Commission and the Federal Communication Commission. The report provides a snapshot of local telephone service competition as of December 31, 2002 in the following three areas:

- plain-old-telephone-service (POTS) lines in service
- broadband lines in service
- mobile-wireless-telephone subscribership.

Based on the most recent information available, the report highlights the following facts and findings:

- 47 incumbent local exchange carriers (ILECs) and 35 competitive local exchange carriers (CLECs) reported that they provided plain old telephone service in Illinois as of December 31, 2001.
- CLECs provided approximately 1.4 million (or 16%) of the roughly 9 million Illinois POTS lines in service at year-end 2001.
- CLEC market shares continued to grow in Illinois from previous periods. The overall CLEC POTS market share increased over 2% between the end of June 2001 and year-end 2001.
- Approximately 45% of reported CLEC POTS lines served residential customers, while over 61% of ILEC POTS lines served residential customers.

- CLECs provided 33% of their total statewide POTS lines entirely over their own facilities, and another 22% of their POTS lines using ILEC provided local loops in combination with CLEC owned facilities. The remaining 45% of all CLEC POTS lines were provided through complete reliance upon the network facilities of ILECs or other providers.
- Overall, CLECs served approximately 8.6% of Illinois POTS customers using their own facilities in whole or in part. Overall, CLECs served 7% of all Illinois POTS customers via total reliance on ILEC facilities (UNE-P and resale).
- The CLEC share of the POTS market was higher in the Chicago area than in other regions of the state. CLECs served approximately 19% of POTS customers in the Chicago area, and approximately 8% of POTS customers in all other areas outside of the Chicago region.
- CLECs provided relatively few POTS lines completely over their own facilities outside the Chicago area. However, CLECs provided service in part over their own facilities in all but the least-dense and most-rural areas of Illinois.
- Broadband providers served over 300,000 asymmetrical-digital-subscriber-line (ADSL) and cable-modem subscribers in Illinois at year end 2001.
- The growth rate in broadband subscribership decreased notably relative to previous periods between the end of June 2001 and year-end 2001.
- Cable-modem providers served nearly twice as many subscribers as ADSL wireline telephone providers at year-end 2001.
- Mobile-wireless providers served over 5.6 million Illinois subscribers at year-end 2001. There was virtually no growth in mobile-wireless subscribership in Illinois between the end of June 2001 and the end of December 2001.

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## **I. INTRODUCTION**

Section 13-407 of the Illinois Public Utilities Act (PUA) requires that the Illinois Commerce Commission (Commission) monitor and analyze the status of competition in Illinois telecommunications markets:

The Commission shall monitor and analyze patterns of entry and exit and changes in patterns of entry and exit for each relevant market for telecommunications services, including emerging high speed telecommunications markets, and shall include its findings together with appropriate recommendations for legislative action in its annual report to the General Assembly. (220 ILCS 5/13-407)

To enable the Commission to carry out this mandate, Section 13-407 authorizes the Commission to collect pertinent information from firms providing telecommunications services in Illinois.

The Commission shall also collect all information, in a format determined by the Commission, that the Commission deems necessary to assist in monitoring and analyzing the telecommunications markets and the status of competition and deployment of telecommunications services to consumers in the State. (220 ILCS 5/13-407)

Pursuant to this authority, on January 15, 2002, the Commission ordered all telecommunications carriers providing local exchange services within the State of Illinois to complete and submit the Illinois Commerce Commission Competition Data Request (CDR). This report summarizes competitive developments in plain old telephone service (POTS) – local voice telecommunications services - based on the information reported by local exchange carriers in Illinois to the Commission as of December 31, 2001. The report also presents information recently reported to the Federal Communications Commission (FCC) on trends in local service, broadband, and wireless provisioning.

The bulk of the information provided by Illinois carriers (in response to the CDR) and compiled by Staff of the Commission is displayed in Tables C1 through C5 in Appendix C attached to this report. Selected data from these tables are highlighted and displayed in several sections of the report itself.<sup>1</sup> Appendix B (Tables B1 and B2) contains lists of certificated local exchange carriers in Illinois as of November 1, 2001, and lists the carriers responding to the Commission's 2001 data request.<sup>2</sup>

## **II. COMPETITION IN PLAIN OLD TELEPHONE SERVICE (POTS)**

### **A. Overview**

"POTS" is the acronym often used to refer to basic wireline local voice service provided over the public switched telephone network (PSTN). POTS service enables the end-user to place and receive calls to and from any other user on the PSTN. The information presented in this section of this report focuses on the local line (or loop) that connects end-users to the PSTN, and thus enables the provision of POTS.

Technologies used to provide POTS service vary. Local exchange carriers (LECs) traditionally have provisioned POTS service over a "twisted" pair of copper wires and electronics that enable the customer to make or receive a single phone call. More recently, many carriers increasingly have provided POTS service over alternative technologies, such as fiber optics and associated

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<sup>1</sup> The information provided herein reflects data reported by ILECs and CLECs measuring provisioning as of December 31, 2001. Telecommunications carriers were required to provide this information by March 1, 2002. However, because this was the first time some of the information was requested by the Commission, a number of carriers had difficulty providing the data to the Commission. Staff worked to assist carrier efforts to submit accurate and timely data, but did not receive the final submission included in this report until July 6, 2002.

<sup>2</sup> Numerous carriers that responded to the data request responded separately for various company operating entities. In many cases these operating entities did not line up precisely with the operating entities for which the carrier has been certificated. Therefore, a one for one comparison between certificated and reporting carriers is not possible. However, response by local exchange carriers to the Commission's Competition Data Request was generally strong.

electronics that allows customers (often businesses) to make multiple simultaneous phone calls over a single fiber optic strand. To enable uniform reporting and analysis of POTS service regardless of the technologies utilized, the information presented herein is reported by voice grade equivalent (VGE) lines. Carriers have reported the number of lines they provide by measuring the number of simultaneous phone calls that their customers are able to make or receive. This uniformity ensures direct comparability for purposes of reporting, discussion and analysis.

There are two general classes of LECs providing POTS service in Illinois: incumbent local exchange carriers (ILECs) and competitive local exchange carriers (CLECs). An ILEC is a telecommunications carrier (including its successors, assigns, and affiliates) that historically has served as the exclusive producer of wireline local telephone service in a specific service territory. CLECs are competitive carriers that have been authorized and certificated by the Commission to provide local telephone service in competition with ILECs. Some telecommunications carriers operate as both an ILEC and CLEC.<sup>3</sup>

ILECs generally serve non-overlapping geographic areas, and consumers generally may obtain local telephone service from only one ILEC. Thus, absent competitive entry by CLECs, customers typically have only one source for POTS service - the ILEC that serves the area where the customer is located.<sup>4</sup> In contrast to ILECs, which generally do not compete in the service areas of other ILECs, many CLECs provide service in the same areas as other CLECs as well as ILECs.

Both the Illinois PUA and the Federal Telecommunications Act of 1996 strongly encourage and endorse the development of competition in local

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<sup>3</sup> Such carriers were required to report to the Commission information separately for ILEC and CLEC operational units.

<sup>4</sup> This does not consider non-POTS alternatives, such as cellular or satellite service that may be available to some local telecommunications customers.

telecommunications services. Together, these Acts provide a framework for new competitors to enter local markets by three fundamental and distinct methods, as follows:

- Building complete telecommunications networks using their own facilities,
- Leasing all or a portion of the facilities needed to serve end-user customers from other carriers,
- Purchasing telecommunications services from ILECs at discounted prices and reselling these services to customers.

This report summarizes the current use of each of the three methods as utilized by CLECs in Illinois.

Regardless of the method utilized by a CLEC to enter local markets, significant cooperation and coordination between ILECs and CLECs is crucial to the maintenance and proper operation of the PSTN. This remains true even where a CLEC has deployed a network utilizing 100% of its own facilities. Even under these circumstances, telephone traffic must be passed back and forth efficiently and reliably between the networks of all ILECs and all CLECs.

## **B. Statewide Competition In Retail POTS in Illinois**

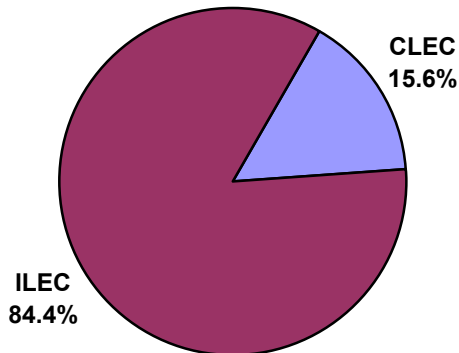
As shown in Table 1, just over 9 million total retail POTS lines were reported in Illinois. ILECs provided approximately 7.6 million (or 84%), while CLECs provided approximately 1.4 million lines (or 16%) of this total.

***Table 1: Retail POTS Lines In Illinois  
December 31, 2001***

<i>Type of Carrier</i>	<i>No. of Carriers</i>	<i>No. of Lines</i>	<i>% of Total Lines</i>
<i>ILEC</i>	47	7,628,679	84%
<i>CLEC</i>	35	1,407,814	16%
<i>Total</i>	82	9,036,493	100%

A total of 47 ILECs reported providing POTS lines in Illinois. The 4 largest ILECs (Ameritech Illinois, Verizon Communications, Citizens Communications Company and Illinois Consolidated Telephone Company) provided approximately 98% of all ILEC retail POTS lines, while the remaining 42 ILECs provided less than 2.5% of the total ILEC lines in Illinois.

**Figure 1: ILEC and CLEC Retail POTS Market Shares**



Thirty-five (35) CLECs reported providing retail POTS service in Illinois.<sup>5</sup> Of these 35 CLECs, the 4 largest (AT&T, Worldcom, Inc., McleodUSA, Inc. and Focal Communications Corporation) accounted for approximately 76% of all CLEC retail POTS lines, while the remaining 31 CLECs provided approximately 24% of all CLEC retail POTS lines.

**Table 2: Retail POTS Lines by Customer Class  
December 31, 2001**

	<i>Residential</i>	<i>Business</i>
<i>ILEC</i>	61%	39%
<i>CLEC</i>	45%	55%
<i>Total</i>	58%	42%

As shown in Table 2, residential lines account for approximately 58% of all retail POTS lines in Illinois, while 42% were business lines. Approximately 61% of ILEC retail lines were provided to residential customers, while 39% were business lines. In contrast, approximately 45% and 55% of CLEC retail lines were provided to residential and business customers, respectively.

<sup>5</sup> This figure treats affiliated CLECs under common control as a single competitive entity.

There is a large body of literature describing the historical cost structure of telephone networks. This literature consistently indicates that local telephone companies incur greater costs in serving rural customers than in serving urban customers.<sup>6</sup> Furthermore, business customers – historically concentrated in urban areas – generally have utilized the network more intensively than residential customers. Consequently, local telephone companies have collected a disproportionate share of their local telephone revenue from business customers.<sup>7</sup> Taken together, these factors generally make high-volume, low-cost customers in urban areas more attractive to new entrants than either rural or residential customers. This appears to be borne out by the data displayed in Table 2, which indicate that ILECs served a relatively higher percentage of residential customers than did CLECs.

Table 3 provides further support for the notion that high-volume, low-cost customers in urban areas, particularly in urban business districts, are more attractive to new entrants than either rural or residential customers. As Table 3 illustrates, CLEC market shares are highest in the most densely-populated urban areas (Chicago, Springfield, Davenport, Rockford, Champaign, and St. Louis) and lowest in the least densely-populated rural regions (Mattoon, Olney, and Macomb). With the exception of Mattoon and Olney (where competition is nascent and CLEC market share is no greater than 0.5%), CLEC business market shares are higher than CLEC residential market shares.

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<sup>6</sup> See for example, Crandall, Robert W. and Leonard Waverman, *Talk is Cheap: The Promise of Regulatory Reform in North American Telecommunications*, Washington, D.C.: Brookings Institution Press, Chapter 3 for a summary of the literature on telephone network costs.

<sup>7</sup> In 1996, 68% percent of local exchange carriers' billable access lines reported to the FCC were residential lines (see FCC (1997, table 2.19)). However, in 1996 only 51% of local revenue was collected from residential customers (see U.S. Department of Commerce, U.S. Census Bureau (1998, table 5)).

**Table 3: CLEC Market Shares by LATA<sup>8</sup>**  
**December 31, 2001**

<i>LATA Name</i>	<i>Overall CLEC Market Share</i>	<i>Residential CLEC Market Share</i>	<i>Business CLEC Market Share</i>
<i>Statewide</i>	15.6%	12.2%	20.3%
<i>Chicago, IL</i>	18.7%	15.0%	23.2%
<i>Springfield, IL</i>	11.7%	9.7%	14.2%
<i>Davenport, IA</i>	11.6%	9.3%	15.7%
<i>St Louis, MO</i>	9.7%	9.1%	11.0%
<i>Champaign, IL</i>	9.2%	8.5%	11.6%
<i>Rockford, IL</i>	8.3%*	5.5%*	13.8%*
<i>Sterling, IL</i>			
<i>Peoria, IL</i>	7.5%	5.8%	10.8%
<i>Quincy, IL</i>	5.7%	2.7%	11.7%
<i>Cairo, IL</i>	1.6%		
<i>Forrest, IL</i>	0.8%		
<i>Macomb, IL</i>	0.6%***	0.6%**	1.4%**
<i>Olney, IL</i>			
<i>Mattoon, IL</i>	0.3%		

\*Combined figures for the Rockford, and Sterling LATAs.

\*\*Combined figures for the Cairo, Forrest, Macomb, Olney and Mattoon LATAs.

\*\*\*Combined figures for the Macomb and Olney LATAs.

### **C. CLEC Methods of Provisioning Retail POTS Lines**

As noted above, CLECs can provide POTS service to customers via 3 fundamental approaches:

- Construct a complete telecommunications networks using their own facilities,
- Lease all or a portion of the facilities needed to provide service from other carriers,
- Purchase telecommunications services from ILECs at discounted prices and resell these to customers (“resale”).

These methods are not mutually exclusive; they can each be employed by a particular CLEC to provide services at different times and/or in different regions.

<sup>8</sup> Local Access and Transport Area (“LATA”) geography is defined in section C below.

For example, a CLEC may deploy its own network in a particular part of the state while using resale to provide services to consumers in another area of the state.

While the first and third of these approaches seem self-explanatory, the second option warrants further discussion. The basic network elements used in the provision of POTS include local loops (these connect customer premises to telephone company switching equipment), local switching, and interoffice transport (between telephone company switches). In some circumstances CLECs may lease all three of these basic network elements (loop, local switching, and transport) from an ILEC. Such combinations are referred to as unbundled network element platforms (UNE-Ps). When a CLEC provides service to a given customer using UNE-P, it relies exclusively on the network elements supplied by ILECs.<sup>9</sup>

CLECs also provide service using various combinations of ILEC supplied network elements and their own self-supplied elements. The most common variant of this approach is to lease ILEC local loops and self-supply local switching and interoffice transport elements. When CLECs combine leased ILEC loops with their own local switching and/or transport facilities, such combinations are termed unbundled network element loop (UNE-L) combinations.

**Table 4: CLEC Retail POTS Provisioning Methods  
December 31, 2001**

	<i>Own Facilities</i>	<i>UNE-L</i>	<i>UNE-P</i>	<i>Resale</i>	<i>All Methods</i>
<i>No. of CLECS</i>	11	12	11	23	35 <sup>10</sup>
<i>CLEC Lines</i>	460,598 (33%)	314,459 (22%)	314,718 (22%)	318,039 (23%)	1,407,814 (100%)

<sup>9</sup> CLECs do, however, combine their own technology (e.g., voicemail technology) with ILEC provided UNE-P combinations, in order to customize their services.

<sup>10</sup> The sum of CLECs providing services over the respective provisioning methods exceeds the total number of CLECs providing services because some CLECs provide services using more than one method of provisioning.

Table 4 shows that approximately 460,000 (or 33%) of all CLEC retail POTS lines in Illinois were provisioned entirely over CLEC facilities.<sup>11</sup> Eleven (11) CLECs provided some POTS service completely over their own facilities.

Approximately 630,000 CLEC retail POTS lines (just under 45% of all CLEC lines) were provisioned over facilities leased (in part or in whole) from ILECs or other providers.<sup>12</sup> About half of these retail POTS lines were provided entirely over facilities leased from ILECs and other providers (as UNE-Ps). The remaining half of these approximately 630,000 lines were provided over facilities leased from ILECs and combined with CLEC facilities (most often UNE-L) to provide service. Eleven CLECs provided some POTS service entirely over leased facilities. Twelve CLECs provided some POTS service over some combination of their own facilities and leased facilities.

Table 4 also shows that the least prevalent method of POTS provisioning by CLECs was resale. CLECs provided 23% of their retail lines by purchasing discounted services and reselling them to their customers. While resale was the least common mode of CLEC entry in terms of numbers of lines, it was the most prevalent method in terms of numbers of CLECs. Statewide, 23 CLECs provided POTS service over resold lines.

**Figure 2: POTS Market Shares by Provisioning Methods**

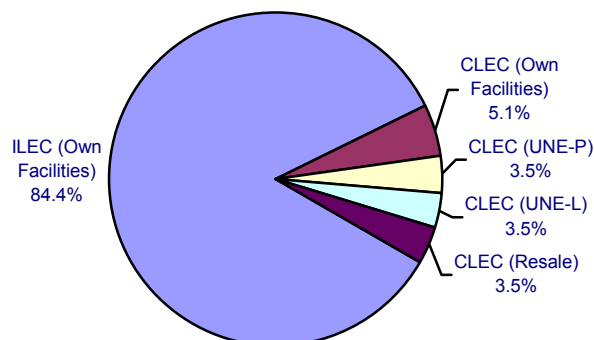


Figure 2 displays the overall CLEC Illinois POTS market share of 15.6% disaggregated by mode of entry. CLECs captured approximately 5% of the

<sup>11</sup> 100% of ILEC lines were reported as provided over ILEC owned facilities.

<sup>12</sup> Seventeen (17) CLECs provided some POTS service either in whole or in part over leased facilities.

POTS retail market using solely their own facilities. CLECs captured approximately 10.5% of the retail POTS market through total or partial reliance upon ILEC facilities, and approximately 7% of the overall Illinois POTS market via total reliance upon ILEC network facilities (i.e., UNE-P and resale).

#### **D. Retail POTS Competition by LATA**

This section of the report provides an overview of POTS competition broken down by Local Access and Transport Area (LATA).<sup>13</sup> LATAs are the geographic areas within which Bell Operating Companies (BOCs), such as Ameritech Illinois were permitted to carry telephone traffic following their divestiture from AT&T. Terms of the 1984 divestiture initially prohibited BOCs from carrying telephone traffic across LATA boundaries (termed interLATA traffic) but permitted them to carry telephone traffic, including toll calls, within LATA boundaries (intraLATA traffic). The Telecommunications Act of 1996 provided that the “interLATA restriction” would be lifted once a BOC demonstrated that its local markets had become sufficiently open to competition.

There are 193 domestic LATAs in the United States. Of this total, fourteen LATAs lie predominantly in Illinois and contain a significant number of Illinois customers. An additional four LATAs lie predominately outside of Illinois but encompass some (relatively few) Illinois customers.<sup>14</sup> Information applicable

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<sup>13</sup> Telecommunications carriers were requested to provide customer information by rate exchange area. At their inception, rate exchange areas were geographically defined areas within which calls that originated and terminated (i.e., remained within the area) were considered local calls. Today, local calling areas may consist of multiple rate exchange areas. While telecommunications carriers were requested to provide customer information by rate exchange area, Staff received numerous requests to report information in alternative forms. Staff accommodated such requests to the extent feasible. As a result, carriers reported information according to the first six digits of customer telephone numbers, by zip code, by city, and by LATA. Using this information Staff was able to aggregate information to the Local Access and Transport Area (“LATA”).

<sup>14</sup> Although LATA boundaries were created in order to delineate the geographical area within which BOCs could offer long distance services, other LATA boundaries have been created in order to segment non-BOC service territories. The LATA geography adopted here follows Telcordia Technologies, Inc. (“Telcordia” f/k/a Bellcore) conventions as delineated in the local exchange routing guide (LERG).

to the Illinois portion of these 4 LATAs will be included with information for the 14 LATAs that lie predominately in Illinois.<sup>15</sup> Additional detail concerning Illinois LATAs is presented in Appendix A.

Reporting and analysis of POTS data by LATA has several important advantages over other possible approaches. First, disaggregation of statewide information into 14 separate LATA markets illuminates important competitive differences across Illinois markets and regions that cannot be discerned from data aggregated at the state level. Second, LATAs are a natural unit for the reporting of many types of information by telephone companies. Notably, the telephone numbers provided to LECs for assignment to their customers are, with limited exceptions, assigned uniquely to LATAs.<sup>16</sup> This permits the Commission to readily identify the LATAs within which telephone customers reside.<sup>17</sup> Finally, data disaggregated by LATA still are sufficiently aggregated to protect sensitive competitive information, and the proprietary concerns of local telephone service providers.<sup>18</sup>

Table 5 displays some basic demographic information for each Illinois LATA. It reveals that there is considerable variation in LATA demographics within Illinois. Not surprisingly, the Chicago LATA stands out from the other LATAs, surpassing all others in Illinois with respect to both total population and population density.

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<sup>15</sup> Information is aggregated in this manner to protect the confidentiality of individual carrier information reported to the Commission.

<sup>16</sup> Traditionally, blocks of telephone numbers have been assigned uniquely to rate exchange areas, which in turn, have been uniquely assigned to LATAs.

<sup>17</sup> The use of more “traditional” means to identify the location of individual telephone customers, such as the county of residence, is, at best, problematic, since telephone numbers are assigned to geographic areas with boundaries that are not congruent with the boundaries of the more traditional geographical divisions.

<sup>18</sup> Per the Commission’s Competition Data Request, the Commission is offering proprietary treatment to individual company retail provisioning information. Therefore, all retail provisioning numbers have been aggregated into carrier classes and will be reported only in circumstances where a particular number represents provisioning by four or more providers.

**Table 5 – Illinois LATA Demographic Data**  
**U.S. Census 2000**

<i>LATA Name</i>	<i>Area (Sq. Miles)</i>	<i>Population</i>	<i>No. of Households</i>	<i>Population per Sq. Mile</i>	<i>Households per Sq. Mile</i>
<i>Chicago, IL</i>	8,504	8,410,544	3,025,532	989	356
<i>Rockford, IL <sup>1</sup></i>	2,124	397,119	153,045	187	72
<i>Springfield, IL</i>	3,028	352,223	144,596	116	48
<i>St Louis, MO</i>	6,718	781,199	299,332	116	45
<i>Champaign, IL <sup>2</sup></i>	3,635	328,037	129,890	90	36
<i>Davenport, IA</i>	2,058	219,120	87,962	106	43
<i>Peoria, IL</i>	4,834	471,493	185,114	98	38
<i>Sterling, IL</i>	2,966	226,357	84,774	76	29
<i>Forrest, IL</i>	3,698	261,915	98,749	71	27
<i>Cairo, IL</i>	4,863	308,127	122,875	63	25
<i>Mattoon, IL</i>	4,248	227,242	88,247	53	21
<i>Quincy, IL</i>	3,682	161,005	62,415	44	17
<i>Macomb, IL</i>	3,248	136,242	53,061	42	16
<i>Olney, IL</i>	4,309	138,670	56,187	32	13
<i>Total - All LATAs</i>	57,914	12,419,293	4,591,779	214	79
<i>Average</i>	4,137	887,092	327,984	---	---
<i>Standard Deviation</i>	1,673	2,092,850	750,729	---	---
<sup>1</sup> Includes information for those portions of the Southeast and Southwest Wisconsin LATAs located in Illinois.					
<sup>2</sup> Includes information for those portions of the Indianapolis and Terre Haute Indiana LATAs located in Illinois.					

### **The Chicago LATA**

The Chicago LATA differs significantly from other Illinois LATAs not only demographically, but also in the degree of local market penetration achieved by CLECs. As displayed in Table 6, approximately 6.6 million (73%) of the statewide total of 9 million POTS lines were provided in this single LATA. All other LATAs combined accounted for the remaining 2.45 million (or 27%) of the statewide retail POTS lines.

**Table 6: Retail POTS Lines by LATA**  
**December 31, 2001**

<i>LATA Name</i>	<i>Retail POTS</i>	<i>% Of Total</i>
<i>Statewide</i>	9,036,376	100%
<i>Chicago, IL</i>	6,587,112	73%
<i>St Louis, MO</i>	441,511	5%
<i>Peoria, IL</i>	288,533	3%
<i>Springfield, IL</i>	272,379	3%
<i>Rockford, IL</i>	253,858	3%
<i>Champaign, IL</i>	215,495	2%
<i>Cairo, IL</i>	172,476	2%
<i>Forrest, IL</i>	158,521	2%
<i>Davenport, IA</i>	143,592	2%
<i>Mattoon, IL</i>	134,734	1%
<i>Sterling, IL</i>	129,373	1%
<i>Quincy, IL</i>	95,287	1%
<i>Macomb, IL</i>	73,151	1%
<i>Olney, IL</i>	70,354	1%

Of the 6.6 million retail POTS lines in the Chicago LATA, approximately 5.4 million were provided by 8 ILECs. The remaining 1.2 million retail POTS lines in the Chicago LATA were provided by 28 CLECs.

**Table 7: ILEC and CLEC POTS Lines by LATA**  
**December 31, 2001**

	<i>% of ILEC</i>		<i>% of CLEC</i>	
	<i>ILEC</i>	<i>Lines</i>	<i>CLEC</i>	<i>Lines</i>
<i>Chicago LATA</i>	5.4 m	70%	1.2 m	87%
<i>All Other LATAs</i>	2.2 m	30%	0.2 m	13%
<i>All LATAs</i>	7.6 m	100%	1.4 m	100%

The 5.4 million lines provided by ILECs in the Chicago LATA represent 70% of the statewide total POTS lines provided by ILECs. The 1.2 million CLEC lines provided in the Chicago LATA represent approximately 87% of the

statewide total of CLEC retail POTS lines. Thus, a notably higher percentage of all CLEC Illinois customers are located in the Chicago LATA as compared to the percentage of all ILEC customers.

**Table 8: Chicago LATA CLEC Retail POTS Provisioning Methods  
December 31, 2001**

	<i>Own Facilities</i>	<i>UNE-L</i>	<i>UNE-P</i>	<i>UNEs*</i>	<i>Resale</i>	<i>All Methods</i>
<i>No. Of CLECS</i>	7	11	10	15	20	28
<i>CLEC Lines</i>	458,531	261,288	259,210	520,498	252,240	1,231,269
<i>CLECs Market Share</i>	37.2%	21.2%	21.1%	42.3%	20.5%	100%

\* UNEs include both UNE-L and UNE-P

Approximately 37% of CLEC lines provided in the Chicago LATA utilized exclusively CLEC facilities. Approximately 42% of CLEC lines were provided using various network elements leased from ILECs or other providers. Approximately 58% of CLEC lines in the Chicago LATA were provided by CLECs using their own facilities in whole or in part (37% own facilities + 21% UNE-L). The remaining roughly 42% of CLEC lines in the Chicago LATA were provisioned entirely over leased ILEC facilities (split roughly equally between UNE-P and resale).

As previously noted, high-volume, low-cost customers in urban business districts generally are considered more attractive to new entrants than either rural or residential customers. Regional differences in the data reported by LATA in Illinois appear to support this generalization. There is a high correlation across the 14 Illinois LATAs between customer density (measured by population per square mile) and CLEC market share.<sup>19</sup> This correlation is even stronger when

<sup>19</sup> The correlation coefficient between density and CLEC market share is approximately 0.69.

measured between households per square mile and CLEC market share. CLECs appear to be responding in predictable fashion to economic and market conditions, which would explain the higher CLEC market shares in the Chicago LATA relative to CLEC market shares in other Illinois LATAs, as shown in Table 9.

**Table 9: CLEC Market Share by LATA**  
**December 31, 2001**

	<i>CLEC Market Share</i>
<i>Chicago LATA</i>	19%
<i>All Other LATAs</i>	8%
<i>All LATAs</i>	16%

### **Medium Density LATAs**

The Peoria, Rockford, Champaign, St. Louis, Davenport, and Springfield LATAs can be classified as “medium density” Illinois LATAs. Population per square mile in these LATAs is in the neighborhood of 100 people per square mile.<sup>20</sup> Reflecting the positive correlation between customer density and CLEC market share, these “medium density” LATAs exhibit “medium” ranges of CLEC market shares, ranging from 8-12%.

In contrast to the Chicago LATA, CLECs operating in these medium density LATAs generally provide services using lines leased from ILECs or other sources. Full facilities-based CLEC provisioning has not yet occurred to any significant degree outside the Chicago LATA.<sup>21</sup>

<sup>20</sup> While the density in Rockford, with nearly 200 people square mile, exceeds the densities of the other medium density LATAs, the density in the Rockford LATA falls well short of the nearly 1000 people per square mile density in Chicago.

<sup>21</sup> Lines provisioned entirely over CLEC facilities constitute a small fraction of the lines in the Davenport LATA. However, the percentage of lines provisioned in this manner is far lower in this LATA than the percentage of CLEC lines provisioned entirely over CLEC facilities in the Chicago LATA.

## **Lowest Density LATAs**

The least densely-populated LATAs in Illinois include the Quincy, Mattoon, Macomb, Forrest, Olney, Sterling and Cairo LATAs. Population densities in these LATAs range from 32-76 people per square mile. In most of these LATAs, CLECs provide less than 1% of POTS lines in the market, and in none of these does CLEC retail market share reach 2.5%.

Full facilities-based provisioning of retail POTS services by CLECs (i.e., total reliance upon their own facilities) is virtually non-existent in these LATAs. Moreover, CLECs generally do not yet compete in these least dense LATAs using any of their own facilities.

### **E. Recent Trends in Competitive Retail POTS Provisioning**

The retail line counts reported by Illinois LECs for December 31, 2001 are the first such retail line counts reported to the Commission in a uniform manner utilizing a consistent definition of POTS.<sup>22</sup> The FCC, however, has collected state-by-state retail line counts from larger retail POTS providers since December 1999.<sup>23</sup> While the information reported to the FCC suffers from several deficiencies, it does provide important insight into statewide *trends* in retail POTS provision.<sup>24</sup>

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<sup>22</sup> The CDR was released in its current form for the first time in January of 2002.

<sup>23</sup> The FCC has required providers serving 10,000 or more POTS customers to report retail POTS line counts on a statewide basis.

<sup>24</sup> Notably, these data do not include information on smaller POTS providers, and lacks the regional detail of the information reported to this Commission

**Table 10: Nationwide POTS Lines (Large Providers Only)**

	<i>DEC</i> 1999	<i>JUN</i> 2000	<i>DEC</i> 2000	<i>JUN</i> 2001	<i>DEC</i> 2001
<i>US ILEC Lines</i> <sup>25</sup>	181,307,695 (95.7%)	179,761,930 (94.0%)	177,683,672 (92.3%)	174,485,706 (91.0%)	172,628,691 (89.8%)
<i>US CLEC Lines</i> <sup>25</sup>	8,194,243 (4.3%)	11,557,381 (6.0%)	14,871,409 (7.7%)	17,274,727 (9.0%)	19,653,441 (10.2%)
<i>All US LEC Lines</i> <sup>25</sup>	189,501,938	191,319,311	192,555,081	191,760,433	192,282,132

Table 10 shows nationwide retail POTS line counts (reported biannually to the FCC). The CLECs' overall POTS market shares have increased steadily over the past two years. Nevertheless, ILECs still serve nearly 90% of POTS customers served by large providers in the United States.

Table 11 shows Illinois retail POTS line counts reported to the FCC. The FCC calculation of the overall CLEC market share in Illinois for December 2001 (15%) is slightly lower than the same calculation based on data reported to this Commission (15.6%). It appears that the FCC exclusion of information for smaller LECs produces its slightly lower estimate of Illinois CLEC market share.

<sup>25</sup> Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of December 31, 2001, Released July 2002.

**Table 11: Illinois POTS Lines (Large Providers Only)**

	<i>DEC</i> <i>1999</i>	<i>JUN</i> <i>2000</i>	<i>DEC</i> <i>2000</i>	<i>JUN</i> <i>2001</i>	<i>DEC</i> <i>2001</i>
<i>IL ILEC Lines</i> <sup>26</sup>	8,040,394 (94.8%)	7,990,635 (91.4%)	7,887,152 (90.5%)	7,558,613 (87.2%)	7,578,706 (85.0%)
<i>IL CLEC Lines</i>	443,936 (5.2%)	749,446 (8.6%)	831,917 (9.5%)	1,113,112 (12.8%)	1,341,060 (15.0%)
<i>All IL LEC Lines</i>	8,484,330	8,740,081	8,719,069	8,671,725	8,919,766

**Figure 3: CLEC Market Shares**

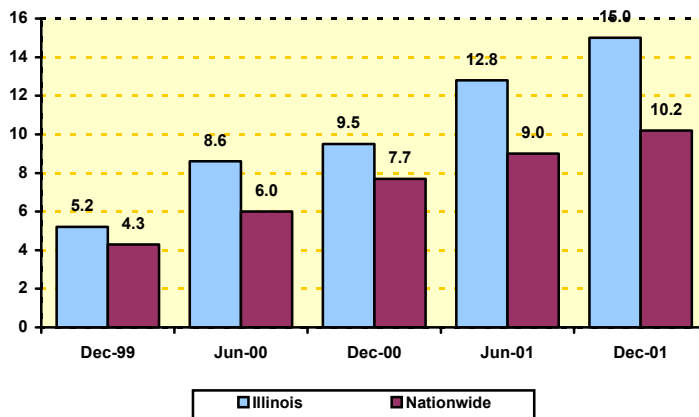


Figure 3 again shows that, as with the nationwide trend, the CLECs' overall retail market share has increased continuously in Illinois over the past two years. Figure 3 also displays that the CLECs' overall market share in

Illinois consistently has exceeded the national average. This may be explained, at least in part, by the attractiveness of the dense and populous Chicago metropolitan market.

<sup>26</sup> Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of December 31, 2001, Released July 2002, Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2001, Released February 2002, Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of December 31, 2000, Released May 2001, Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, Local Telephone Competition: Status as of June 30, 2000, Released December 2000, Local Telephone Competition at the New Milenium: Summarizing December 31, 1999 data from Forms 477 and 499-A).

## F. Cross State Comparisons of Competitive Retail POTS

**Table 12 – State by State POTS Provision: Carriers Serving 10,000 or More Lines in Each State**

State	Population**	Population per Sq. Mile**	POTS Lines (Large Carriers)	CLEC Market Share (Large Carriers)
Alabama	4,447,100	88	2,498,733	5%
Alaska	626,932	1	*	*
Arizona	5,130,632	45	3,291,673	9%
Arkansas	2,673,400	51	*	*
California	33,871,648	217	24,775,380	8%
Colorado	4,301,261	41	3,118,911	13%
Connecticut	3,405,565	703	2,517,166	7%
Delaware	783,600	401	552,331	0%
District of Columbia	572,059	9,317	991,469	13%
Florida	15,982,378	296	11,886,781	7%
Georgia	8,186,453	141	5,323,929	11%
Hawaii	1,211,537	189	*	*
Idaho	1,293,953	16	*	*
<b>Illinois</b>	<b>12,419,293</b>	<b>223</b>	<b>8,919,766</b>	<b>15%</b>
Indiana	6,080,485	170	3,843,738	5%
Iowa	2,926,324	52	1,542,897	12%
Kansas	2,688,418	33	1,543,596	9%
Kentucky	4,041,769	102	*	*
Louisiana	4,468,976	103	2,534,095	4%
Maine	1,274,923	41	*	*
Maryland	5,296,486	542	3,819,868	4%
Massachusetts	6,349,097	810	4,600,678	15%
Michigan	9,938,444	175	6,831,153	13%
Minnesota	4,919,479	62	3,093,177	13%
Mississippi	2,844,658	61	1,375,967	3%
Missouri	5,595,211	81	3,591,077	7%
Montana	902,195	6	*	*
Nebraska	1,711,263	22	1,174,354	12%
Nevada	1,998,257	18	*	*
New Hampshire	1,235,786	138	844,064	10%
New Jersey	8,414,350	1,134	6,812,464	5%
New Mexico	1,819,046	15	*	*
New York	18,976,457	402	13,576,870	25%
North Carolina	8,049,313	165	5,325,784	6%
North Dakota	642,200	9	*	*
Ohio	11,353,140	277	7,320,414	5%
Oklahoma	3,450,654	50	2,033,675	8%
Oregon	3,421,399	36	2,196,248	7%
Pennsylvania	12,281,054	274	8,710,969	14%
Rhode Island	1,048,319	1,003	678,703	16%
South Carolina	4,012,012	133	2,348,716	3%
South Dakota	754,844	10	*	*
Tennessee	5,689,283	138	3,557,376	8%
Texas	20,851,820	80	13,531,474	16%
Utah	2,233,169	27	1,242,529	13%
Vermont	608,827	66	*	*
Virginia	7,078,515	179	4,973,946	11%
Washington	5,894,121	89	3,971,932	8%
West Virginia	1,808,344	75	*	*
Wisconsin	5,363,675	99	3,488,657	11%
Wyoming	493,782	5	*	*
<b>Total - All States***</b>	<b>281,421,906</b>	<b>80</b>	<b>192,282,132</b>	<b>10%</b>

\* Data withheld to maintain confidentiality of information.

\*\* U.S. Census 2000. Population per square mile is based on land area, which excludes water area.

\*\*\* Includes information for Puerto Rico and the Virgin Islands.

These data provide useful information on how CLEC market shares in Illinois compare with those in other states. Table 12 displays demographic and retail POTS provisioning information for the 50 states and the District of Columbia, based on data compiled by the FCC.

### **III. HIGH SPEED TELECOMMUNICATIONS SERVICES**

#### **A. Overview**

Section 13-407 of the PUA mandates that the Commission monitor and analyze the deployment of high-speed telecommunications services in Illinois. As defined in this report, high-speed telecommunications services provide the subscriber with data transmission at speeds in excess of 200 kilobits per second (kbps) in at least one direction.<sup>27</sup> This definition matches the definition of “advanced telecommunications services” as used in the PUA.<sup>28</sup> This definition also matches that used by the FCC in its data collection activities and analyses of high-speed telecommunications markets.<sup>29</sup>

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<sup>27</sup> 220 ILCS 5/13-517

<sup>28</sup> The information presented herein concerns the telecommunications services that are the subject of the provisions of Section 13-517 of the Act.

<sup>29</sup> It should be noted that this definition excludes several services that sometimes are referred to as high speed services, such as basic rate integrated services digital network (ISDN-BRI) service, some lower speed asymmetric digital subscriber line (ADSL) services, some lower speed services that connect subscribers to the Internet over cable systems, and services that connect subscribers to the internet over mobile wireless systems. The terms “high-speed telecommunications service”, “advanced telecommunications service” and “broadband service” often are used interchangeably and sometimes inconsistently. For example, mobile wireless providers often offer Internet access over mobile wireless technology marketed as broadband wireless Internet access despite the fact that such technology generally restricts access to speeds slower than users might otherwise obtain from traditional “dial-up” wireline technology. To add to the confusion in terminology, the FCC defines “advanced telecommunications capability” and “advanced services” as service that provide the subscriber with transmission speeds in excess of 200 kbps in BOTH the “upstream” and “downstream” directions. Confusion and misunderstanding in the use of these various terms caused the FCC to state in a report recently submitted to the U.S. Congress that “[I]n light of its now common and imprecise usage, we decline to use the term broadband to describe any of the categories of services on facilities that we discuss in this report. FCC, Deployment of Advanced Telecommunications Capability: Second Report, August 2000, Released August 21, 2000.

Information concerning high-speed service provisioning is reported by state to the FCC (only by facilities-based providers of high-speed lines that serve at least 250 lines in a given state). Carriers do not report high-speed capable lines that are obtained from other carriers for resale to end users or Internet Service providers (ISPs). This practice ensures that each high-speed line is reported only once by the underlying provider.<sup>30</sup>

The information reported here covers the following three methods of high-speed service provisioning:

- high speed service over ADSL technology,
- high speed service over coaxial cable (cable modem) technology.
- high speed service over “other” technologies.

The following descriptions of ADSL and cable modem technologies are taken from the FCC’s Deployment of Telecommunications Capability: Second Report:

### **ADSL Technology**

With the addition of certain electronics to the telephone line, carriers can transform the copper loop that already provides voice service into a conduit for high-speed data traffic. While there are multiple variations of DSL ... most DSL offerings share certain characteristics. With most DSL technologies today, a high-speed signal is sent from the end-user's terminal through the last 100 feet and the last mile (sometimes a few miles) consisting of the copper loop until it reaches a Digital Subscriber Line Access Multiplexer (DSLAM), usually located in the carrier's central office. At the DSLAM, the end-user's signal is combined with the signals of many other customers and forwarded through a switch to middle mile facilities.

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<sup>30</sup> There is no indication of how comprehensively small providers, many of which serve rural areas with relatively small populations, are represented in the FCC data summarized here. See FCC, High Speed Services for Internet Access: Status as of December 31, 2001, Released July 2002, at 1-2.

As its name suggests, ADSL provides speeds in one direction (usually downstream) that are greater than the speeds in the other direction. Many, though not all, residential ADSL offerings provide speeds in excess of 200 kbps in only the downstream path with a slower upstream path and thus do not meet the standard for advanced telecommunications capability. However, ADSL permits the customer to have both conventional voice and high-speed data carried on the same line simultaneously because it segregates the high frequency data traffic from the voice traffic. This segregation allows customers to have an “always on” connection for the data traffic and an open path for telephone calls over a single line. Thus a single line can be used for both a telephone conversation and for Internet access at the same time.<sup>31</sup>

### **Cable Modem Technology**

Cable modem technologies rely on the same basic network architecture used for many years to provide multichannel video service, but with upgrades and enhancements to support advanced services. The typical upgrade incorporates what is commonly known as a hybrid fiber-coaxial (HFC) distribution plant. HFC networks use a combination of high-capacity optical fiber and traditional coaxial cable. Most HFC systems utilize fiber between the cable operators’ offices (the “headend”) and the neighborhood “nodes.” Between the nodes and the individual end-user homes, signals travel over traditional coaxial cable infrastructure. These networks transport signals over infrastructure that serves numerous users simultaneously, i.e., a shared network, rather than providing a dedicated link between the provider and each home, as does DSL technology.<sup>32</sup>

ADSL and cable modem technologies are most commonly used to provide services to residential customers. These technologies typically provide customers a single path to the Internet, generally at comparable quality and price

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<sup>31</sup> FCC’s Deployment of Telecommunications Capability: Second Report, August 2000, at ¶¶ 35-36 (footnotes omitted).

<sup>32</sup> FCC’s Deployment of Telecommunications Capability: Second Report, August 2000, at ¶ 29 (footnotes omitted).

levels and transmission speeds.<sup>33</sup> As a result, services provided via ADSL and cable modem technologies generally are viewed as close substitutes.

Technologies in the “other” category include symmetric DSL, traditional T1 wireline, fiber optic to the customer’s premises, satellite, and (terrestrial) fixed wireless technologies. Services provided over technologies in the “other” category vary greatly in quality, speed, and price. These technologies commonly are used to provide service to medium and large business customers, rather than residential customers. Therefore, comparison of figures for the “other” category to ADSL and cable modem figures is largely an apples to oranges exercise --- as is comparison of “other” figures across states. Accordingly, while figures for the “other” technologies category are presented here for completeness, caution should be exercised in their interpretation.

## **B. Nationwide and Statewide Provision of High Speed Lines**

***Table 13: Nationwide High-Speed Lines (Large Providers)***

	<i>DEC 1999</i>	<i>JUN 2000</i>	<i>DEC 2000</i>	<i>JUN 2001</i>	<i>DEC 2001</i>
<i>US Lines<sup>34</sup></i>	2,754,286	4,367,434	7,069,874	9,616,341	12,792,812
<i>6 Month Growth Rate</i>	N/A	59%	62%	36%	33%

Tables 13 and 14 display high-speed line counts, as reported biannually to the FCC. As shown in Table 13, national figures show substantial growth in high-speed telecommunications lines over the last several years. There is, however, a clear trend of reduced growth rates in deployment of high-speed lines (at least in the short term).

<sup>33</sup> Although, ADSL and cable modem offerings are still largely comparable in terms of prices and transmission speeds, differentiation among ADSL and cable modem offerings is increasing as these technologies evolve over time.

**Table 14: Illinois High-Speed Lines (Large Providers)**

	<i>DEC 1999</i>	<i>JUN 2000</i>	<i>DEC 2000</i>	<i>JUN 2001</i>	<i>DEC 2001</i>
<i>Lines</i> <sup>34</sup>	77,672	166,933	242,239	350,241	422,706
<i>6 Month Growth Rate</i>	N/A	115%	45%	45%	21%

As shown in Table 14, at year end 2001, larger high-speed providers reported just over 420,000 high-speed lines in Illinois. While additional high-speed lines continued to be deployed in Illinois during the latter half of 2001, the rate of growth was down significantly from previous periods. This appears to mirror the diminishing growth rate nationwide.

**C. Nationwide and Statewide High Speed Lines by Technology**

**Table 15: Illinois High-Speed Lines by Technology (Large Providers)**

**December 31, 2001**

	<i>ADSL</i>	<i>Coaxial Cable</i>	<i>Other</i>	<i>Total</i>
<i>Lines</i> <sup>34</sup>	110,448	204,202	108,056	422,706
<i>% of Total</i>	26%	48%	26%	100%

As shown in Table 15, nearly half of all Illinois high-speed lines reported at year-end 2001 were provisioned over cable coaxial technology. The number of high-speed lines provisioned over ADSL technology was just over half of the number of lines provisioned via cable coaxial technology. The number of ADSL lines was roughly equal to the number of high-speed lines provisioned via all other technologies.

<sup>34</sup> Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, *High-Speed Services for Internet Access: Status as of December 31, 2001*, Released July 2002.

**Table 16: Nationwide High-Speed Lines by Technology  
(Large Providers)  
December 31, 2001**

	<i>ADSL</i>	<i>Coaxial Cable</i>	<i>Other</i>	<i>Total</i>
<i>Lines<sup>34</sup></i>	3,947,808	7,059,598	1,785,406	12,792,812
<i>% of Total</i>	31%	55%	14%	100%

A comparison of Tables 15 and 16 reveals that the Illinois figures for high speed provisioning over ADSL and Cable modem roughly mirror the nationwide figures. Deployment of ADSL technology both nationwide and in Illinois was roughly half that of cable coaxial technology. However, use of other technologies such as symmetric DSL, satellite and fixed wireless proportionately was more pervasive in Illinois than nationwide.

**Table 17: Illinois Shares of High-Speed Lines (Large Providers)  
December 31, 2001**

	<i>ADSL</i>	<i>Coaxial Cable</i>	<i>Other</i>	<i>Total</i>
<i>IL Lines as % of US Lines</i>	3%	3%	6%	3%

As shown in Table 17, Illinois high-speed lines constituted about 3% of the national total at year-end 2001. According to FCC figures, approximately 4.5% of reported switched access local exchange (voice) telephone lines were in Illinois. Further, approximately 4.4% of the nation's population resides in Illinois. Thus, when measured relative to the distributions of local exchange lines and population, high-speed provisioning in Illinois appears to lag the nationwide average.

## IV. MOBILE WIRELESS TELECOMMUNICATIONS

### A. Overview

Data on mobile wireless subscribership are reported by state to the FCC by facilities-based wireless mobile providers with 10,000 or more subscribers in a given state (as measured by revenue-generating handsets in service). Facilities-based wireless providers serve subscribers using electromagnetic spectrum that they are licensed to utilize or manage.<sup>35</sup> Wireless mobile service is similar to POTS service in that it permits subscribers to place and receive calls to and from any other user on the PSTN.

### B. Provision of Mobile Wireless Services

***Table 18: Illinois Mobile Wireless Subscribers (Large Providers)***

	<i>DEC 1999</i>	<i>JUN 2000</i>	<i>DEC 2000</i>	<i>JUN 2001</i>	<i>DEC 2001</i>
<i>Subscribers</i> <sup>36</sup>	3,922,482	4,309,660	5,143,767	5,621,044	5,631,172
<i>6 Month Growth Rate</i>	N/A	10%	19%	9%	0%

Table 18 displays mobile wireless subscribership data for Illinois (reported biannually to the FCC). At year-end 2001, larger mobile wireless providers reported approximately 5.6 million subscribers in Illinois. Provisioning of mobile wireless grew minimally between the end of the 2<sup>nd</sup> quarter of 2001 and year-end 2001. The growth rate of mobile wireless subscribership clearly trended down in Illinois in the year 2001.

<sup>35</sup> FCC, Local Telephone Competition: Status as of December 31, 2001, Released July 2002, at 1-2.

<sup>36</sup> Source: Federal Communications Commission, Industry Analysis and Technology Division, Wireline Competition Bureau, *Local Telephone Competition: Status as of December 31, 2001*, Released July 2002.

**Table 19: Nationwide Mobile Wireless Subscribership (Large Providers)**

	<i>DEC 1999</i>	<i>JUN 2000</i>	<i>DEC 2000</i>	<i>JUN 2001</i>	<i>DEC 2001</i>
<i>US Lines</i> <sup>34</sup>	79,696,083	90,643,058	101,043,219	114,028,928	122,399,943
<i>6 Month Growth Rate</i>	N/A	14%	11%	13%	7%

The diminished growth rate in mobile wireless subscribership in Illinois mirrors lower growth rates nationwide. However, Table 19 indicates that the reduction in the growth rate nationwide was considerably less severe than the corresponding reduction in Illinois.

Mobile wireless subscribers in Illinois constituted about 4.6% of the nationwide total subscribership at year-end 2001. When measured relative to the distributions of local exchange lines and population, mobile wireless provisioning in Illinois is slightly above the nationwide average.

## **V. CONCLUSION**

Information presented in this report summarizes the market shares of ILECs and CLECs in Illinois local telephone markets. While many other factors affect actual market competitiveness, market share information is a useful starting point for analyzing the status of market competition.<sup>37</sup>

At year-end 2001, ILECs provided approximately 84% of all retail POTS lines in Illinois. Viewing Illinois as a single POTS market, however, does not accurately reflect the manner in which competition in local services is

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<sup>37</sup> "Other things being equal, market share affects the extent to which participants or the collaboration must restrict their own output in order to achieve anticompetitive effects in a relevant market. The smaller the percentage of total supply that a firm controls, the more severely it must restrict its own output in order to produce a given price increase, and the less likely it is that an output restriction will be profitable." Antitrust Guidelines for Collaborations Among Competitors, Issued by Federal Trade Commission and the U.S. Department of Justice, April 2000, Section 3.3.3.

developing.<sup>38</sup> While ILECs collectively hold 84% of POTS lines statewide, ILEC market shares vary significantly from region to region, and between the residential and business markets. In some areas of the state, serving ILECs still control effectively 100% of retail POTS lines. In others, however – notably the Chicago LATA - the ILEC market share is lower. ILECs served approximately 81% of all retail POTS lines in the Chicago LATA, and approximately 76% of Chicago LATA business POTS lines. Market penetration by CLECs in Illinois clearly has been most focused and most successful in the Chicago LATA. Further, market penetration by CLECs in the Chicago LATA has been most focused and successful with respect to business customers. At the same time, even this region remains for the moment quite heavily concentrated overall relative to many other industries.<sup>39</sup>

It is instructive to view the POTS market from the perspective of the mode of CLEC competitive entry. To date, CLECs overall have relied heavily on ILEC facilities in order to provide local services. Approximately two-thirds (2/3) of all CLEC POTS lines in Illinois were provided through exclusive use of ILEC facilities, and ILECs provided nearly 95% of the local loops over which POTS service was provided in Illinois. In the Chicago LATA, this percentage was lower, at just over 93%. In sum, facilities used to provide POTS service at year-end 2001 overwhelmingly were provided by ILECs.

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<sup>38</sup> “A market is defined as a product or a group of products in a geographic area in which it is produced or sold such that a hypothetical profit-maximizing firm, not subject to price regulation, that was the only present and future producer or seller of those products in that area likely would impose at least a “small but significant and nontransitory” increase in price, assuming the terms of the sale of all other products are held constant.” Department of Justice, 1992 Horizontal Merger Guidelines, Section 1.0.

<sup>39</sup> Cross industry comparisons are not the only comparisons relevant for putting the competitive status of Illinois POTS markets in perspective. Local telephone service providers historically operated essentially as government sanctioned and regulated monopolists in their respective service areas. While ILEC market shares have decreased relative to historical levels, there is some evidence that progress since enactment of the Telecommunications Act of 1996 has been slow relative to the development of other formerly competitive markets. For example, at divestiture in 1984 AT&T’s share of long distance carrier toll service revenues equaled just over 90% and dropped to less than 75% by 1988 (FCC, Trends in Telephone Service, August 2001, Table 10.8.) Comparable competitive inroads have been made only in the business POTS market in the Chicago LATA, with competition in other POTS markets in Illinois progressing more slowly to date.

It also is instructive to examine trends in competitive market penetration achieved by CLECs in Illinois. This is the first annual telecommunications report provided to the General Assembly by the Commission pursuant to Illinois PUA Section 13-407. As a result, market trend information - at the level of detail and disaggregation of this report - is unavailable this year. The Commission will begin reporting such trend information next year. In the meantime, information reported to the FCC by Illinois local service providers indicates a clear trend.<sup>40</sup> As reported to the FCC, the CLEC share of all Illinois POTS markets has increased (quite steadily) from approximately 5.2% at year-end 1999 to approximately 15% at year-end 2001.

There is some reason to be optimistic that the pace of competition will increase in the near future. Recently enacted provisions of the Public Utilities Act add new market opening provisions to previously existing federal and state market opening efforts. Further, a recent Supreme Court Decision affirms a number of market opening provisions of the Federal 1996 Act that arguably have been stalled for several years.<sup>41</sup> The results of competition in local services in Illinois will be captured in future Commission information collection and reporting efforts.

### **Recommendations for Legislative Action**

At this time, the Commission has no specific recommendations for legislative action arising directly from the facts and findings contained in this report. Separately, the Commission this year may convey to the General Assembly several proposals for legislative action concerning telecommunications.

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<sup>40</sup> This information is less detailed and is restricted solely to larger providers of POTS.  
<sup>41</sup> Supreme Court of the United States, *Verizon Communications, Inc. v. FCC*, Released May 13, 2002.

## APPENDIX A: Illinois LATA Geography and Demographics

Local Access and Transport Areas (LATAs) are the geographic areas within which Bell Operating Companies (BOCs) were permitted to carry telephone traffic following their divestiture from AT&T. In 1984, BOCs (including Ameritech in Illinois) were prohibited from carrying telephone traffic across LATA boundaries (interLATA traffic), but were allowed to carry telephone traffic, including toll calls, within LATA boundaries (intraLATA traffic). There are 193 domestic LATAs in the United States. Of the 193 domestic U.S. LATAs, 18 are either in whole, or in part, within Illinois.<sup>42</sup>

There is considerable variation in size and demographic makeup among the Illinois LATAs.<sup>43</sup> Table 1 lists size and demographic data for each of the 14 LATAs for which information is presented in this report. Table 1 illustrates that the average LATA in Illinois is approximately 4,100 square miles. The largest LATA in terms of area is the Chicago LATA with approximately 8,500 square miles. The smallest is the portion of the Davenport, Iowa LATA located in Illinois, which encompasses approximately 2,100 square miles.

The Chicago LATA is the most populous LATA in Illinois with over 8.4 million residents, well above the average LATA size of approximately 890,000 residents. The Chicago LATA also contains the greatest number of households, with over 3 million. In contrast the Macomb, Illinois LATA contains less than 140,000 residents and just over 53,000 households. The Chicago and Olney,

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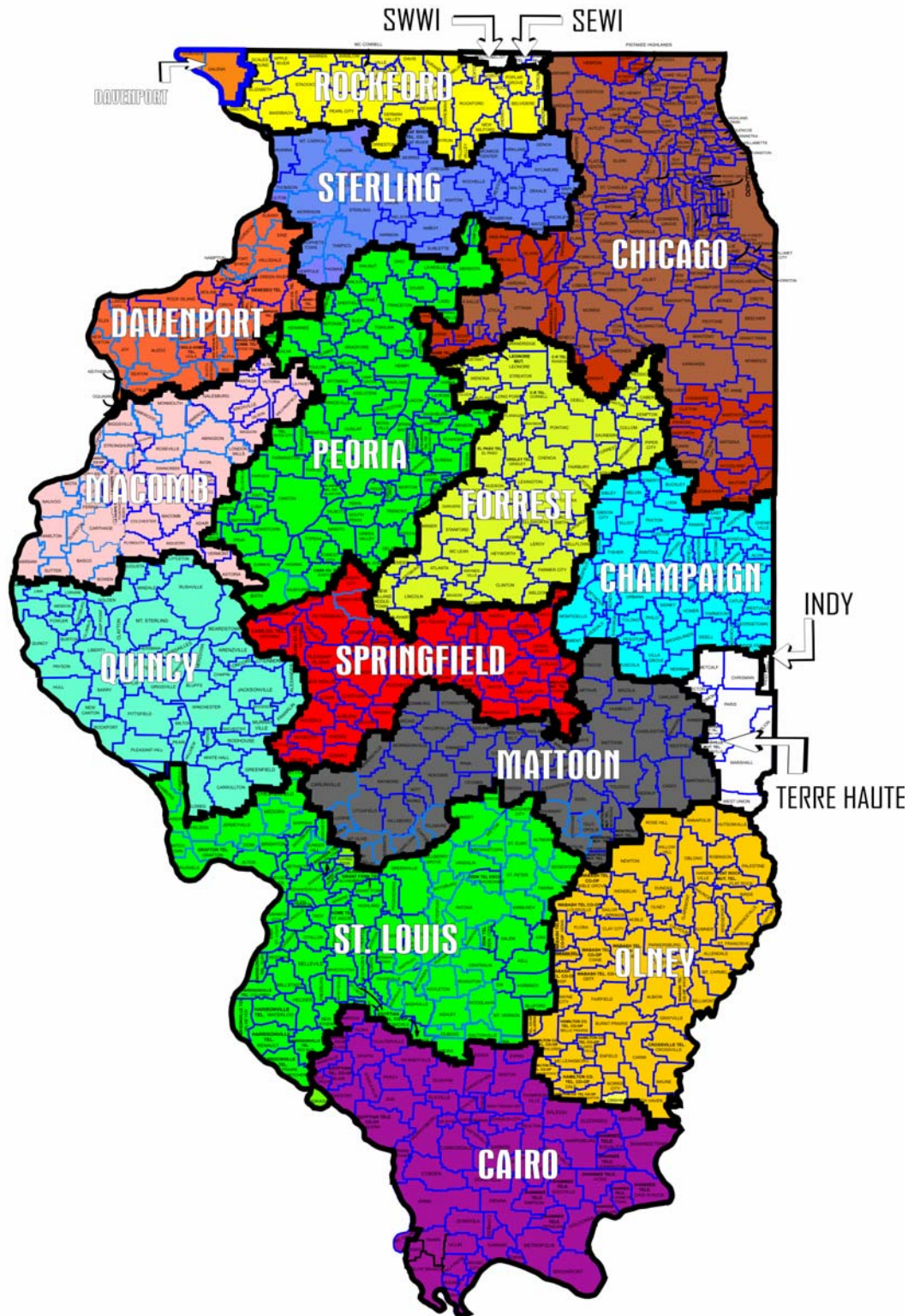
<sup>42</sup> Although LATA boundaries were created in order to delineate the geographical area within which BOCs could offer long distance services, other "LATA" boundaries have been created in order to segment non-BOC service territories. The LATA geography adopted here follows Telcordia Technologies, Inc. ("Telcordia" f/k/a Bellcore) conventions as delineated in the local exchange routing guide ("LERG").

<sup>43</sup> The LATA size and demographic information contained in this table is derived from U.S. Census 2000 obtained from U.S. Department of Commerce, Census Bureau Web Site at <http://www.census.gov/>. To obtain estimates of area and demographic information, Staff aggregated census block group information up to the LATA level, assigning each census block group uniquely to the LATA containing the centroid of the census block group.

Illinois LATAs, respectively, contain the highest and lowest population per square mile. There are nearly 1,000 residents per square mile in the Chicago LATA and less than 32 residents per square mile in the Olney LATA. These two LATAs also contain the highest and lowest number of households per square mile, with 356 households per square mile in the Chicago LATA and 13 households per square mile in the Olney LATA.

Of the 18 LATAs in Illinois, 4 are predominately outside of Illinois and contain very few customers located within Illinois. For this report information applicable to the pieces of these four LATAs will be included with information for LATAs that are predominately in Illinois or contain a significant number of Illinois customers. For example, very few Illinois residents or businesses are located within the Terre Haute, Indiana LATA. The information reported for Illinois residents and businesses in the Terre Haute, Indiana LATA is, therefore, included in information reported for the Champaign, Illinois LATA. However, there are a significant number of Illinois residents and businesses within the St Louis, Missouri LATA. Therefore, information for Illinois residents and businesses in the St Louis, Missouri LATA is reported separately from other Illinois LATAs. All information reported is for those customers located in Illinois. For example, no information is reported for customers located in the Missouri portions of the St Louis, Missouri LATA. Figure A-1 depicts the 14 LATAs for which information is reported in this report.

**Figure A1: LATAS IN ILLINOIS**



## APPENDIX B: Reporting Status

During the first quarter of 2002, Illinois carriers were required for the first time to report competitive information of a comprehensive and detailed nature to the Commission via the CDR. Extracting and reporting the data required by the Commission's CDR proved for many carriers to be a decidedly non-trivial exercise. Not surprisingly, a number of carriers had difficulty providing the required information. For example, a major stumbling block arose from the fact that definitions used in the Commission's CDR often differ from those devised and used by carriers for their own internal purposes.<sup>44</sup>

Recognizing the difficulties faced by carriers, Commission Staff has made every effort to assist carriers in their reporting efforts. For example, numerous carriers requested that they be permitted to submit POTS information by zip code, city, LATA, and/or by NPA-NXX (rather than by exchange as required by the CDR). In virtually all cases, Staff accommodated such requests, and assumed the burden of mapping the information reported into LATAs. In conducting such mappings Staff identified a number of reporting errors (e.g., reported information was associated with telephone numbers assigned to other states) that subsequently were corrected with the cooperation of reporting carriers. It must be recognized, however, that absent comprehensive audits the accuracy of the information reported herein depends primarily on the accuracy of the information reported by the carriers.

In addition to the POTS provisioning data reported herein, Staff requested that carriers report information on the pricing of POTS services.<sup>45</sup> Pricing

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<sup>44</sup> Many of the definitions used in the Commission's CDR were developed to be consistent with those utilized by the FCC

<sup>45</sup> Competition is not easy to measure. While market share information provides insight into the degree of competition in telephone markets, such information does not provide a complete picture. Notably, the degree to which a market is competitive often is measured by the degree to which individual carriers can effect price changes without forfeiting customers.

information, however, is extremely difficult to decipher in telecommunications markets.

Unlike markets with generally uniform products (e.g., wheat), the local telephone market is characterized by extreme product diversity. Individual carriers commonly offer an array of calling plans differentiated by the scope of local calling areas, the structure of service charges, and numerous other factors. In the absence of reliable and detailed information on service offerings, pricing information itself can be unreliable and even misleading.<sup>46</sup> As a result of such complexities, carriers experienced great difficulty responding to the pricing information requested in the CDR. The pricing information reported was incomplete, and numerous carriers failed to submit any useful information at all. As a consequence, no pricing information is included in this report. Staff will continue to work with the industry to find appropriate and consistent pricing information that may, in the future, supplement the Commission's analysis of telecommunications competition in Illinois.

The CDR additionally requested provisioning information from broadband providers in Illinois. As with pricing information, numerous carriers failed to report useful information in response to the CDR. In this instance, however, Staff believes these failures result less from reporting difficulties than from carriers' simple unwillingness to supply such information.<sup>47</sup> Despite these difficulties, Staff will continue to work with the industry to elicit broadband information that may, in the future, facilitate the Commission's analysis of broadband competition in Illinois.

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<sup>46</sup>For example, two carriers may each charge a flat rate of \$20 for local service in Chicago. However, carrier A may permit its customer to make all calls to both downtown and suburban Chicago areas as local calls, while carrier B permits its customer to make only calls to downtown Chicago as local calls. Thus, an assumption that the two carriers services are perfectly substitutable would be incorrect. For similar reasons, telephone service in the Chicago area is not directly comparable with telephone service in the Springfield area.

<sup>47</sup> Response by broadband providers that were also local exchange carriers was generally strong, while response from broadband providers that were not providing local exchange service was, with a few notable exceptions, generally weak.

Tables B1 and B2 contain lists of certificated local exchange carriers in Illinois on October 1, 2001, and carriers reporting to the Commission's CDR, respectively. As indicated above, many of those carriers reporting to the Commission's CDR provided only partial responses. However, all respondents submitted POTS provisioning information.

**Table B1 - Certificated Local Exchange Carriers on 10/1/01**

@LINK NETWORKS, INC.	ILLINOIS TELEPHONE COMPANY
ACCESS ONE, INC.	INTERMEDIA COMMUNICATIONS, INC.
ADAMS TELEPHONE CO-OPERATIVE	INTETECH, L.C.
ADAMS TELSISTEMS, INC.	KCI LONG DISTANCE, INC.
ALHAMBRA-GRANTFORK TELEPHONE COMPANY	LA HARPE TELEPHONE COMPANY
ALLEGIANCE TELECOM OF ILLINOIS, INC.	LEAF RIVER TELEPHONE COMPANY
AMERITECH	LIGHTSPEED TELECOM, LLC
AMERIVOICE TELECOMMUNICATIONS, INC. (AVTI)	LOCAL EXCHANGE- PRE PAID
AMI COMMUNICATIONS, INC.	LOOKING GLAS NETWORKS, INC
ARBROS COMMUNICATIONS LICENSING COMPANY CENTRAL, L.L.C	LOOP TELECOM, LP
ATS SERVICES LLC	MADISON TELEPHONE COMPANY
AT&T	GALLATIN RIVER INTEGRATED COMMUNICATIO SOLUTIONS
AT&T WIRELESS	MADISON RIVER COMMUNICATIONS, L.L.C.
THE BERGEN TELEPHONE COMPANY	MARSEILLES TELEPHONE COMPANY
BULLS EYE TELECOM, INC.	MAX-TEL COMMUNICATIONS, INC.
CAMBRIDGE TELEPHONE COMPANY	MCDONOUGH TELEPHONE COOPERATIVE, INC.
CASS TELEPHONE COMPANY	MCLEODUSA TELECOMMUNICATIONS SERVICES, INC.
CIMCO COMMUNICATIONS, INC.	MCNABB TELEPHONE COMPANY
CITY OF SPRINGFIELD	METAMORA TELEPHONE COMPANY
COMPASS TELECOMMUNICATIONS, INC.	METROMEDIA FIBER NETWORK SERVICES, INC.
COMTECH SOLUTIONS, L.L.C	MICROSYNC CORPORATION
CONCERT	MID CENTURY TELEPHONE CO-OPERATIVE
CONVERGENT COMMUNICATIONS SERVICES, INC.	MID CENTURY TELEPHONE COOPERATIVE
CORECOMM ILLINOIS, INC.	MIDWESTERN TELECOMMUNICATIONS, INC. (MTI)
C-R TELEPHONE COMPANY	MONTROSE MUTUAL TELEPHONE COMPANY
CROSSVILLE COMMUNICATIONS	MOULTRIE INDEPENDENT TELEPHONE CO
DATA NET SYSTEMS	MPOWER COMMUNICATIONS
DIGITAL TELEPORT, INC.	MPOWER COMMUNICATIONS CORP.
DIVERSE COMMUNICATIONS, INC.	NAVIGATOR TELECOMMUNICATIONS, INC.
DONTEL INTERNATIONAL, LLC	NET2000 COMMUNICATIONS SERVICES, INC.
DSL.NET, INC.	NEW MILLENIUM TELECOMMUNICATIONS, INC.
EMERITUS COMMUNICATIONS, INC.	NEW-PHON
EAGLE COMMUNICATIONS, INC	NEW WINDSOR TELEPHONE COMPANY
EASTON TELECOM SERVICES, INC.	NOUACON, LLC
EAST CALL HOME	NOW COMMUNICATIONS
EGYPTIAN TELEPHONE COOPERATIVE ASSOCIATION, INC.	ODIN TELEPHONE EXCHANGE, INC.
ELECTRIC LIGHTWAVE, INC.	OMNICALL, INC.
EL PASO TELEPHONE COMPANY	ONEIDA TELEPHONE EXCHANGE
ENRON BROADBAND SERVICES, INC.	ONE POINT COMMUNICATIONS - ILLINOIS, L.L.C.
ESSEX TELCOM, INC.	PAE TEC COMMUNICATIONS, INC
EXCEL TELECOMMUNICATIONS, INC	PAYPHONE SERVICES, INC.
EZ TALK COMMUNICATIONS, LLC	PEAK COMMUNICATIONS, INC.
FLAT ROCK TELEPHONE CO-OPERATIVE, INC.	RCN
FLAT ROCK COMMUNICATIONS, INC.	REYNOLDS TELEPHONE COMPANY
FOCAL COMMUNICATONS CORPORATION OF ILLINOIS	SHARON TELEPHONE COMPANY
FRONTIER COMMUNICATIONS - LAKESIDE, INC.	SHAWNEE TELEPHONE COMPANY, INC.
FRONTIER COMMUNICATIONS - MIDLAND, INC.	SHAWNEELINK CORPORATION
FRONTIER COMMUNICATIONS OF DEPU, INC.	SNG COMMUNICATIONS
FRONTIER COMMUNICATIONS OF ILLINOIS, INC.	SURETEL COMMUNICATIONS
FRONTIER COMMUNICATIONS OF LAKESIDE	TCG (AT&T)
FRONTIER COMMUNICATIONS OF MOUNT PULASKI, INC.	TDS METROCOM, INC.
FRONTIER COMMUNICATIONS OF ORION, INC.	TELECOURIER COMMUNICATIONS
FRONTIER COMMUNICATIONS OF SCHUYLER, INC.	TELERGY NETWORK SERVICES, INC.
FRONTIER COMMUNICATIONS - PRAIRIE, INC.	TELENET TELEPHONE SERVICES, LTD.
GALLATIN RIVER COMMUNICATIONS, LLC	TONICA TELEPHONE COMPANY
GALLATIN RIVER LONG DISTANCE SOLUTIONS	TOTAL CONNECT
GENESEO COMMUNICATION SERVICES, INC.	CCCIL, INC.
GENESEO TELEPHONE COMPANY	TRU COMM CORPORATION
GLOBALCOM, INC.	UNITED STATES TELECOMMUNICATIONS, INC.
GLOBAL METRO NETWORK ILLINOIS, L.L.C.	UNITED COMMUNICATIONS SYSTEMS (CALL ONE)
GRAFTON TELEPHONE COMPANY	UNIVERSAL ACCESS, INC.
GRIDLEY TELEPHONE COMPANY	US AVE-TEL
GRIDLEY COMMUNICATIONS, INC.	U.S. GAS ELECTRIC AND TELECOMMUNICATIONS CORP
GTE NORTH INCORPORATED - SEE VERIZON NORTH, INC.	USHMAN NETWORK RESOURCES (A DIVISION OF USHMAN COMMUNICATIONS CO.)
GTE SOUTH INCORPORATED - SEE VERIZON SOUTH, INC.	U.S. TELEPACIFIC CORP.
HAMILTON COUNTY TELEPHONE COOPERATIVE	US XCHANGE OF ILLINOIS, L.L.C. (CHOICE ONE)
HAMILTON COUNTY COMMUNICATIONS, INC	VERIZON NORTH, INC. (FORMERLY GTE NORTH INCORPORATED)
HARRISONVILLE TELEPHONE COMPANY	VERIZON SELECT SERVICES, INC.
HENRY COUNTY COMMUNICATIO, INC.	VERIZON SOUTH, INC. (FORMERLY GTE SOUTH INCORPORATED)
HENRY COUNTY TELEPHONE COMPANY	VIOLA HOME TELEPHONE COMPANY
HOME TELEPHONE COMPANY	WABASH TELEPHONE COOPERATIVE, INC.
HTC TECHNOLOGIES CO.	WOODHULL COMMUNITY TELEPHONE COMPANY
IG2, INC.	WORLDXCHANGE COMMUNICATIONS
ILLINOIS BELL TELEPHONE COMPANY - SEE AMERITECH	YATES CITY TELEPHONE COMPANY
ILLINOIS CONSOLIDATED TELEPHONE COMPANY	Z-TEL COMMUNICATIONS, INC. (Z-TEL)

## Table B2 - Carriers that Responded to the ICC Competition Data Request

REPORTING INCUMBENT LOCAL EXCHANGE CARRIERS	OTHER REPORTING LOCAL EXCHANGE CARRIERS - CONTINUED
ADAMS TELEPHONE CO-OPERATIVE	DIVERSE COMMUNICATIONS, INC.
ALHAMBRA-GRANTFORK TELEPHONE COMPANY	DMJ COMMUNICATIONS/PALOMANET
AMERITECH ILLINOIS	DPI TELECONNECT, L.L.C.
CAMBRIDGE TELEPHONE COMPANY	EAGLE COMMUNICATIONS
CASS TELEPHONE COMPANY	EGIX NETWORK SERVICES, INC.
(CITIZENS) CITIZENS TELECOMMUNICATIONS COMPANY OF ILLINOIS	EL PASO GLOBAL NETWORKS COMPANY
(CITIZENS) FRONTIER COMMUNICATIONS - SCHUYLER, INC.	EL PASO NETWORKS, L.L.C.
(CITIZENS) FRONTIER COMMUNICATIONS OF AMERICA, INC.	EMERITUS COMMUNICATIONS, INC.
(CITIZENS) FRONTIER COMMUNICATIONS OF DEPUE, INC.	ESSEX COMMUNICATIONS (ELEC)
(CITIZENS) FRONTIER COMMUNICATIONS OF ILLINOIS, INC.	ESSEX TELCOM, INC.
(CITIZENS) FRONTIER COMMUNICATIONS OF LAKESIDE, INC.	EXCEL TELECOMMUNICATIONS, INC.
(CITIZENS) FRONTIER COMMUNICATIONS OF MT. PULASKI, INC.	EZ TALK COMMUNICATIONS, L.L.C.
(CITIZENS) FRONTIER COMMUNICATIONS OF ORION, INC.	FAIRPOINT COMMUNICATIONS
(CITIZENS) FRONTIER COMMUNICATIONS-MIDLAND, INC.	FOCAL COMMUNICATIONS CORPORATION OF ILLINOIS
(CITIZENS) FRONTIER COMMUNICATIONS-PRAIRIE, INC.	GLOBAL CROSSING LOCAL SERVICES, INC.
CLARKSVILLE MUTUAL	GLOBAL CROSSING TELEMANAGEMENT, INC.
C-R TELEPHONE COMPANY	GLOBAL NAPS ILLINOIS, INC.
CROSSVILLE TELEPHONE COMPANY	GLOBALCOM, INC.
EGYPTIAN TELEPHONE COOPERATIVE ASSOCIATION	GLOBALEYES
EL PASO TELEPHONE COMPANY	GLOBALEYES TELECOMMUNICATIONS, INC.
FLAT ROCK TELEPHONE CO-OP, INC.	GOBEAM SERVICES, INC.
GALLATIN RIVER COMMUNICATION, LLC	GRAFTON TECHNOLOGIES, INC.
GENESEO TELEPHONE COMPANY	GRIDLEY COMMUNICATIONS, INC.
GLASFORD TELEPHONE COMPANY	GROUP LONG DISTANCE, INC.
GRAFTON TELEPHONE COMPANY	HJN TELECOM, INC.
GRANDVIEW MUTUAL TELEPHONE CO.	ICG TELECOM GROUP, INC.
GRIDLEY TELEPHONE CO.	INTEGRATED SOLUTIONS, L.L.C.
HAMILTON COUNTY TELEPHONE CO-OP	INTERACCESS TELECOMMUNICATIONS, INC.
HARRISONVILLE TELEPHONE CO	INTRADO, INC. (F/K/A SCC COMMUNICATIONS CORP.)
HENRY COUNTY TELEPHONE COMPANY	IP COMMUNICATIONS CORPORATION
HOME TELEPHONE CO.	KMC TELECOM ILL, INC.
ILLINOIS CONSOLIDATED TELEPHONE COMPANY	LCI INTERNATIONAL TELECOM CORP
KINSMAN MUTUAL TELEPHONE CO.	LEVEL 3 COMMUNICATIONS
LAHARPE TELEPHONE CO., INC.	LIGHTSPEED TELECOM, L.L.C.
LEAF RIVER TELEPHONE CO.	LIGHTWAVE COMMUNICATIONS, L.L.C.
LEONORE MUTUAL TELEPHONE CO.	LIGHTYEAR COMMUNICATIONS, INC.
MADISON TELEPHONE COMPANY	LOCAL LINE AMERICA, INC.
MARSEILLES TELEPHONE COMPANY	MADISON NETWORK SYSTEMS, INC.
MCDONOUGH TELEPHONE COOP	MAX-TEL
MCNABB TELEPHONE COMPANY	MCI WORLDCOM COMMUNICATIONS, INC. (F/K/A MFS)
METAMORA TELEPHONE COMPANY	MCIMETRO ACCESS TRANSMISSION SERVICES LLC
MID CENTURY TELEPHONE COOPERATIVE	MCLEODUSA TELECOMMUNICATIONS SERVICES INC.
MONTROSE MUTUAL TELEPHONE COMPANY	MPOWER COMMUNICATIONS CORP.
MOULTRIE INDEPENDENT TELEPHONE COMPANY	MTC COMMUNICATIONS, INC.
NEW WINDSOR TELEPHONE COMPANY	MTCO COMMUNICATIONS, INC.
ODIN TELEPHONE EXCHANGE, INC	NAVIGATOR TELECOMMUNICATIONS, L.L.C.
ONEIDA TELEPHONE EXCHANGE	NET ONE INTERNATIONAL, INC.
REYNOLDS TELEPHONE COMPANY	NETONE INTERNATIONAL
SHAWNEE TELEPHONE COMPANY	NETWORK BILLING SYSTEMS
STELLE TELEPHONE COMPANY	NETWORKIP, L.L.C.
TONICA TELEPHONE CO	NEW ACCESS COMMUNICATIONS
(VERIZON) VERIZON - NORTH	NEW EDGE NETWORK, INC.
(VERIZON) VERIZON - SOUTH	NEXTEL COMMUNICATIONS, INC.
VIOLA HOME TELEPHONE COMPANY	NOS COMMUNICATIONS, INC.
WABASH TELEPHONE COOP INC	NOW COMMUNICATIONS, INC.
WOODHULL COMMUNITY TELEPHONE COMPANY	ONEIDA NETWORK SERVICES, INC.
YATES CITY TELEPHONE COMPANY	ONEPOINT COMMUNICATIONS (VERIZON AVENUE)
<b>OTHER REPORTING LOCAL EXCHANGE CARRIERS</b>	ONEPOINT SERVICES
1-800-RECONEX	ONESTAR LONG DISTANCE, INC.
A.R.C. NETWORKS, INC.	ONFIBER CARRIER SERVICES, INC.
ACCUTEL OF TEXAS, INC.	PAETEC COMMUNICATIONS, INC.
ACSI LOCAL SWITCHED SERVICES, INC. (D/B/A E.SPIRE)	PRIMUS TELECOMMUNICATIONS, INC.
ADAMS TELSISTEMS, INC.	PRINCETON MUNICIPAL UTILITIES
ADELPHIA BUSINESS SOLUTIONS OPERATIONS, INC.	QUANTUMSHIFT COMMUNICATIONS, INC.
ADVANCED TELCOM GROUP, INC.	QUICK-TEL COMMUNICATIONS, INC.
ADVANCED TELCOM, INC.	QWEST COMMUNICATIONS CORPORATION
AFFINITY NETWORK, INC.	QWEST INTERPRISE AMERICA
ALLEGIANCE TELECOM OF ILLINOIS, INC.	RCN TELECOM SERVICES OF ILLINOIS, INC.
AMERITECH ADVANCED DATA SERVICES OF ILLINOIS, INC. (AADS)	SHARED COMMUNICATIONS SERVICES, INC.
ASCENDTEL, LLC	SNG COMMUNICATIONS, L.L.C.
AT&T	SPRINT
ATLAS COMMUNICATIONS, LTD.	SURE-TEL, INC.
B&S TELECOM, INC.	TALK.COM HOLDING CORP. (A/K/A TALK AMERICA, INC.)
BELLSOUTH BSE, INC.	TALKINGNETS HOLDINGS, L.L.C.
BROADWING LOCAL SERVICES, INC.	TDS METROCOM
BULLSEYE TELECOM, INC.	TELECENTS COMMUNICATIONS, INC.
BUSINESS DISCOUNT PLAN, INC.	TELIGENT SERVICES, INC.
CAMARATO DISTRIBUTING, INC.	TRANSCOMMUNICATIONS, INC.
CAMBRIDGE TELCOM SERVICES, INC.	U.S. TELECOM LONG DISTANCE, INC.
CBeyond COMMUNICATIONS, L.L.C.	U.S. TELEPACIFIC CORP.
CENTURY ENTERPRISES, INC.	UNITED COMMUNICATIONS SYSTEMS (CALL ONE)
CIMCO COMMUNICATIONS, INC	UNITED STATES TELECOMMUNICATIONS, INC.
CITY OF ROCHELLE	UNIVERSAL ACCESS, INC.
CITY OF ROCK FALLS	US XCHANGE OF ILLINOIS, L.L.C. (CHOICE ONE)
CITY OF SPRINGFIELD	USHMAN COMMUNICATIONS COMPANY
COMM SOUTH COMPANIES, INC.	USLD COMMUNICATIONS, INC.
COMPUTER INTELLIGENCE 2, INC.	VERIZON ADVANCED DATA, INC.
COMTECH SOLUTIONS, L.L.C.	VERIZON SELECT SERVICES, INC.
CORECOMM ILLINOIS, INC.	WABASH INDEPENDENT NETWORKS, INC.
COVAD COMMUNICATIONS	XO ILLINOIS, INC.
COVISTA, INC.	YIPES TRANSMISSION, INC.
	Z-TEL COMMUNICATIONS, INC.

## **APPENDIX C: POTS Provisioning Detail**

Table C1 – C5 contain detail POTS provisioning information for the 14 Illinois LATAs examined in this report. Table C1 contains POTS lines in each LATA provided by ILECs, CLECs and all LECs combined. Tables C2 and C3 contain similar information regarding, respectively, residential and business POTS line provisioning. Table C4 reports the distributions of lines between residential and business customers for ILECs, CLECs, and all LECs combined. Finally, Table C5 includes information summarizing the methods used by CLECs to provide POTS service.

**Table C1 - Retail POTS Provision by LATA  
(December 31, 2001)**

LATA	LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % if Total
358	CHICAGO ILLINOIS	36	6,587,112	8	5,355,843	28	1,231,269	18.7%
360	ROCKFORD ILLINOIS <sup>1</sup>	15	253,858	2	351,274*	13	31,957*	8.3%*
364	STERLING ILLINOIS	16	129,373	5		11		
362	CAIRO ILLINOIS	12	172,476	4	169,722	8	2,754	1.6%
366	FORREST ILLINOIS	13	158,521	7	157,312	6	1,209	0.8%
368	PEORIA ILLINOIS	22	288,533	9	266,899	13	21,634	7.5%
370	CHAMPAIGN ILLINOIS <sup>2</sup>	16	229,809	4	208,736	12	21,073	9.2%
374	SPRINGFIELD ILLINOIS	18	272,379	6	240,529	12	31,850	11.7%
376	QUINCY ILLINOIS	16	95,287	4	89,858	12	5,429	5.7%
520	ST LOUIS MISSOURI	22	441,511	10	398,731	12	42,780	9.7%
634	DAVENPORT IOWA	21	143,592	9	126,955	12	16,637	11.6%
976	MATTOON ILLINOIS	10	120,537	6	120,119	4	418	0.3%
977	MACOMB ILLINOIS	10	73,151	8	142,701**	2	804**	0.6%**
988	OLNEY ILLINOIS	9	70,354	6		3		
Statewide		82	9,036,493	47	7,628,679	35	1,407,814	15.6%

<sup>1</sup> Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

<sup>2</sup> Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

\* Combined figures for the Rockford and Sterling LATAs.

\*\* Combined figures for the Macomb and Olney LATAs.

**Table C2 - Residential Retail POTS Provision by LATA  
(December 31, 2001)**

LATA LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % if Total
358 CHICAGO ILLINOIS	25	3,645,807	8	3,097,121	17	548,686	15.0%
360 ROCKFORD ILLINOIS <sup>1</sup>	11	161,890	2	237,634*	9	13,802*	5.5%*
364 STERLING ILLINOIS	13	89,546	5		8		
368 PEORIA ILLINOIS	20	191,519	9	180,409	11	11,110	5.8%
370 CHAMPAIGN ILLINOIS <sup>2</sup>	13	135,155	4	124,570	9	10,585	8.5%
374 SPRINGFIELD ILLINOIS	15	151,539	6	136,801	9	14,738	9.7%
376 QUINCY ILLINOIS	14	63,784	4	62,041	10	1,743	2.7%
520 ST LOUIS MISSOURI	19	313,543	10	284,881	9	28,662	9.1%
634 DAVENPORT IOWA	19	92,784	9	84,110	10	8,674	9.3%
362 CAIRO ILLINOIS	9		4		5		
366 FORREST ILLINOIS	12		7		5		
976 MATTOON ILLINOIS	9	411,824*	5	409,305*	4	2,519*	0.6%*
977 MACOMB ILLINOIS	9		8		1		
978 OLNEY ILLINOIS	9		6		3		
Statewide	70	5,257,391	47	4,616,872	23	640,519	12.2%

<sup>1</sup> Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

<sup>2</sup> Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

\* Combined figures for the Rockford and Sterling LATAs.

\*\* Combined figures for the Cairo, Forrest, Mattoon, Macomb, and Olney LATAs.

**Table C3 - Business Retail POTS Provision by LATA  
(December 31, 2001)**

LATA LATA Name	All LECs	All LEC Lines	ILECs	ILEC Lines	CLECs	CLEC Lines	CLEC Lines as % if Total
358 CHICAGO ILLINOIS	30	2,941,305	8	2,258,722	22	682,583	23.2%
360 ROCKFORD ILLINOIS <sup>1</sup>	10	91,968	2	113,640*	8	18,155*	13.8%*
364 STERLING ILLINOIS	11	39,827	5		6		
368 PEORIA ILLINOIS	16	97,014	9	86,490	7	10,524	10.8%
370 CHAMPAIGN ILLINOIS <sup>2</sup>	8	90,799	4	84,166	6	10,488	11.6%
374 SPRINGFIELD ILLINOIS	13	120,840	6	103,728	7	17,112	14.2%
376 QUINCY ILLINOIS	11	31,503	4	27,817	7	3,686	11.7%
520 ST LOUIS MISSOURI	16	127,968	10	113,850	6	14,118	11.0%
634 DAVENPORT IOWA	17	50,808	9	42,845	8	7,963	15.7%
362 CAIRO ILLINOIS	8		4		4		
366 FORREST ILLINOIS	9		7		2		
976 MATTOON ILLINOIS	8	187,055*	5	180,549*	2	2,666*	1.5%*
977 MACOMB ILLINOIS	10		8		2		
978 OLNEY ILLINOIS	6		5		1		
Statewide	75	3,779,102	46	3,011,807	29	767,295	20.3%

<sup>1</sup> Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

<sup>2</sup> Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

\* Combined figures for the Rockford and Sterling LATAs.

\*\* Combined figures for the Cairo, Forrest, Mattoon, Macomb, and Olney LATAs.

**Table C4 - Retail POTS Provision Business Percentage by LATA  
(December 31, 2001)**

LATA	LATA Name	All LECs		ILECs		CLECs	
		% Res	% Bus	% Res	% Bus	% Res	% Bus
358	CHICAGO ILLINOIS	55.3%	44.7%	57.8%	42.2%	44.6%	55.4%
360	ROCKFORD ILLINOIS <sup>1</sup>	65.6%*	34.4%*	67.7%*	32.4%*	43.2%*	56.8%*
364	STERLING ILLINOIS						
368	PEORIA ILLINOIS	66.4%	33.6%	67.6%	32.4%	51.4%	48.6%
370	CHAMPAIGN ILLINOIS <sup>2</sup>	60.5%	39.5%	59.7%	40.3%	50.2%	49.8%
374	SPRINGFIELD ILLINOIS	55.6%	44.4%	56.9%	43.1%	46.3%	53.7%
376	QUINCY ILLINOIS	66.9%	33.1%	69.0%	31.0%	32.1%	67.9%
520	ST LOUIS MISSOURI	71.0%	29.0%	71.4%	28.6%	67.0%	33.0%
634	DAVENPORT IOWA	64.6%	35.4%	66.3%	33.7%	52.1%	47.9%
362	CAIRO ILLINOIS						
366	FORREST ILLINOIS						
976	MATTOON ILLINOIS	68.6%**	31.4%**	69.4%**	30.6%**	48.6%**	51.4%**
977	MACOMB ILLINOIS						
978	OLNEY ILLINOIS						
Statewide		58.2%	41.8%	60.5%	39.5%	45.5%	54.5%

<sup>1</sup> Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

<sup>2</sup> Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

\* Combined figures for the Rockford and Sterling LATAs.

\* Combined figures for the Cairo, Forrest, Mattoon, Macomb, and Olney LATAs.

**Table C5 - CLEC Retail POTS Provisioning Methods by LATA  
(December 31, 2001)**

LATA LATA Name	Own Facilities			UNE-L			UNE-P			Resale		
	CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines	CLECs	Lines	% of CLEC Lines
358 CHICAGO ILLINOIS	7	458,531	37.2%	11	261,288	21.2%	10	259,210	21.1%	20	252,240	20.5%
362 CAIRO ILLINOIS	1	2,067**	10.7%**	1	53,171***	30.3%***	5	55,508***	31.6%***	3	64,995***	37.0%***
634 DAVENPORT IOWA	3			1			6			8		
360 ROCKFORD ILLINOIS <sup>1</sup>	0	0	0.0%	3			7			12		
364 STERLING ILLINOIS	0	0	0.0%	0			6			8		
366 FORREST ILLINOIS	0	0	0.0%	1			3			4		
368 PEORIA ILLINOIS	0	0	0.0%	1			6			12		
370 CHAMPAIGN ILLINOIS <sup>2</sup>	0	0	0.0%	2			7			10		
374 SPRINGFIELD ILLINOIS	0	0	0.0%	1			7			11		
376 QUINCY ILLINOIS	0	0	0.0%	1			6			10		
520 ST LOUIS MISSOURI	0	0	0.0%	2			6			11		
976 MATTOON ILLINOIS	0	0	0.0%	1			1			3		
977 MACOMB ILLINOIS	0	0	0.0%	0	0	0.0%	0	0	0.0%	2	804*	100.0%*
978 OLNEY ILLINOIS	0	0	0.0%	0	0	0.0%	0	0	0.0%	3		
Statewide	11	460,598	32.7%	12	314,459	22.3%	11	314,718	22.4%	23	318,039	22.6%

(1) Includes information for those portions of the SE and SW Wisconsin LATAs located in Illinois.

(2) Includes information for those portions of the Indianapolis Indiana and Terre Haute Indiana LATAs located in Illinois.

\* Combined figures for the Macomb and Olney LATAs.

\*\* Combined Figures for the Cairo and Davenport LATAs.

\*\*\* Combined Figures for the Cairo, Davenport, Rockford, Sterling, Forrest, Peoria, Champaign, Springfield, Quincy, St. Louis, and Mattoon LATAs.

